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Julie Ann Carter <juliecarter@utah.gov>

Fwd: Utah Fuels #8 update

JAN 21 2014

SECRETARY, BOARD OF
OIL, GAS & MINING

Steve Alder <stevealder@utah.gov>

Tue, Jan 21, 2014 at 5:26 PM

To: Julie Ann Carter <juliecarter@utah.gov>

Julie Ann, if you have time will you make copies and distribute to the Board prior to the Marion matter being heard. if not ask Clint to make coppies in the morning.

----- Forwarded message -----

From: **Doug Endsley** <dendsley@marionenergy.com>

Date: Tue, Jan 21, 2014 at 5:12 PM

Subject: Utah Fuels #8 update

To: "johnrogers@utah.gov" <johnrogers@utah.gov>

Cc: "clintondworshak@utah.gov" <clintondworshak@utah.gov>, "stevealder@utah.gov" <stevealder@utah.gov>, "mmalmquist@parsonsbehle.com" <mmalmquist@parsonsbehle.com>, jeff Clarke <jclarke@marionenergy.com>

John,

I wanted to update you as to where Marion is at concerning the Utah Fuels #8. As you may know, we finally took delivery of a larger compressor that has been installed in the building at the existing Clear Creek Compressor site. We had a multitude of issues getting the compressor set and running smoothly. The machine is now running smoothly. However, Questar Pipeline has been intermittently running extremely high line pressures. These line pressure spikes impede our ability to keep the compressor running 24 hours/day. Additionally, when Marion and Merrit are both producing at lower line pressure, Questar has a valve at our delivery point to them that causes line freezing. We are trying to get them to put a methanol drip in this area or replace the valve with a larger diameter. As of yet, we have not been successful in achieving either, so we are still seeing periodic shut downs and line freezes but we expect to have both resolved shortly. We are producing good quantities of gas from several wells between these periodic glitches.

As far as the Utah Fuels #8 is concerned, we were hopeful that it would produce without the need for any down hole work given its similarity to the Utah Fuels #10. We decided to tie the well in an see if it would produce as is. It took awhile to thaw out and plumb in to our system. We finished that portion of the project last week which was about the same time we had the compressor running smoothly. We turned the well down the line and it initially looked as if we would have water free production as long as we were not too aggressive with the flow rates. As it turned out, the water came in sooner than expected. We have decided to go forward with the workover that was originally planned. I have a rig standing by on the Oman 2-20 location and will move onto the Utah Fuels #8 as soon as snow removal is completed. We should be moving on to the #8 well tomorrow. I will keep you updated as to the progress going forward on the #8. Please feel free to give me a call at 713-302-6711.

Regards,

Doug Endsley

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